



CITY OF DURHAM | DURHAM COUNTY
NORTH CAROLINA



Date: March 2, 2015

To: Thomas J. Bonfield, City Manager

Through: Keith Chadwell, Deputy City Manager

From: Steven L. Medlin, AICP, Planning Director

Subject: Coordinated Annexation Agenda Item for Hendrick Southpoint Phase II

Executive Summary. A request for a utility extension agreement (EA), voluntary annexation, and a zoning map change has been received from Hendrick Automotive Group for the Hendrick Southpoint Phase II project. The site is located south of Renaissance Parkway, west of Fayetteville Road, and north of Massey Chapel Road (Please see Attachment 1 for a project area context map).

The requested annexation (case BDG1400001) is for 46.734 contiguous acres. If approved, the annexation would be effective on March 31, 2015.

The applicant in this case has requested an initial zoning designation of Commercial General with a development plan (CG(D)) which would allow up to 150,000 square feet of nonresidential development. The requested zoning is consistent with the adopted Future Land Use Map, which designates this site as Commercial. The current County zoning (RR – County jurisdiction) would allow approximately 63 single-family residential lots (see Attachment 7 for the zoning staff report).

Public Works and Water Management performed the utility impact analysis for the utility extension agreement and the existing sanitary sewer and water mains have capacity for the proposed development. No offsite improvements will be required, other than extension of sewer and water service to the site.

Budget and Management Services performed a fiscal impact analysis, which determined that the proposed annexation will be revenue-positive immediately following annexation.

Two motions are required for this item. One motion, with three sub-components, is required by law to approve the utility extension agreement, voluntary annexation petition, and zoning map change. A second motion is required adopting a consistency statement as required by GS 106A-383.

Recommendation. Staff recommends that Council approve the EA, voluntary annexation, and zoning map change.

Issues and Analysis. This request involves three separate items: utility extension agreement, voluntary annexation, and initial zoning. Each item will be reviewed below:

Utility Extension Agreement

Public Works and Water Management performed the utility impact analysis for the utility extension agreement and the existing sanitary sewer and water mains have capacity for the proposed development. No offsite improvements will be required, other than extension of sewer and water service to the site.

Voluntary Annexation Petition

The staff is requesting that Council conduct a public hearing and consider annexation of the subject property (case BDG1400001) with an effective date of March 31, 2015. The public hearing will be held in compliance with N.C. General Statute 160A-31.

Annexation would require the provision of City services to the subject property. Budget and Management Services performed a fiscal impact analysis, which determined that the proposed annexation will be revenue positive immediately upon annexation.

Zoning Map Change

The applicant is requesting a zoning map change from RR (County jurisdiction) to CG(D) (City jurisdiction) (case Z1400002) for a maximum of 150,000 square feet of nonresidential development. This request is consistent with all adopted City plans and policies. The Planning Commission recommended approval, 12-0 on January 13, 2015 (see Planning Commission Summary and Written Comments, Attachment 11).

Financial Impact. The gas and electric franchise tax has been eliminated and replaced with a state sales tax that is to be shared with cities. Due to these tax reform changes the calculation related to sales tax projections for the purpose of this exercise has been updated. Previously, cost-benefit impacts calculated sales tax based on prior year-end actuals with a cost inflator of two-percent. Since historical information is not yet available, cost-benefit impacts for FY15 will use the adopted sales tax amount for calculation purposes. Once the first year has been collected, the calculation will return to using the prior year-end actual with an inflator.

The estimated annual General Fund revenues generated from this annexation area under the initial zoning map change at build out in FY2016-17 is \$1,229. The estimated annual General Fund expenditures associated with providing City services at build out is \$22,951. The estimated annual General Fund net gain to the City at build out is \$33,298. The cumulative estimated net gain to the City at build out is \$35,436.

Please note that Impact Fee revenues are not projected in this analysis because the developer is eligible for street impact fee credits.

A cost-benefit analysis is attached that provides cost and revenue projections through FY2023-24, including CIP expenses.

The chart below contains additional details regarding projected departmental revenue and expense projections.

Department/Type	Revenues	Expenses
Emergency Communications	No revenues anticipated	No additional expenses are anticipated
Fire	Assumes inspections will occur every three years and permit fees will be charged annually.	No additional expenses are anticipated
Fleet Management	No revenues anticipated	No additional expenses are anticipated
Inspections	The developer has proffered a 25-foot wide right-of-way dedication and the construction of an additional southbound through lane along the Fayetteville Road site frontage. By City ordinance, the developer is entitled to a Street Impact Fee credit for these improvements. The value of the credit will likely exceed the amount of required street impact fees.	No additional expenses are anticipated
Parks & Recreation	No revenues anticipated	No additional expenses are projected because this is a commercial annexation.
Planning	Total development review fees collected are \$11,250 for this project	No additional expenses are anticipated
Police	No additional revenues are anticipated	Annual costs for additional coverage area are anticipated at \$20,824 at the completion of the build out. This annexation will only require a portion of an FTE.
Public Works	The anticipated revenues will be approximately \$109 at the project build out. These revenues are the prorated utility cut reimbursements based on the linear feet of streets that will be added due to this annexation.	General fund costs associated with street maintenance are expected to be \$994 at build out. Costs associated with Stormwater will be covered by stormwater fees.
Solid Waste	No additional revenues are anticipated	No services will be provided because this is a commercial operation.

Department/Type	Revenues	Expenses
Transportation	Minor revenues are estimated from the Powell Bill reimbursements at \$172 annually.	Anticipated expenses include: nine 100-watt street lights and \$200 annually in repair and maintenance of street signs and markers. The expenses are estimated at \$2,122 annually once street lights have fully transitioned from the developer to the City (three years) after build out is complete.
Water Management	No general fund revenues anticipated	No general fund expenses are anticipated. Any expenses will be covered by fees collected.

Alternative. Deny the EA and voluntary annexation petition. No action would be required or authorized on the zoning map change.

SDBE Summary. This item has no known SDBE impact.

Attachments

- Attachment 1: Context Map
- Attachment 2: Aerial Map
- Attachment 3: Future Land Use Map
- Attachment 4: Utility Extension Agreement
- Attachment 5: Utility Life Cycle Costs
- Attachment 6: Cost/Benefit Analysis
- Attachment 7: Zoning Map Change Staff Report
- Attachment 8: Development Plan
- Attachment 9: City of Durham Traffic Impact Analysis (TIA) Memo
- Attachment 10: NCDOT Traffic Impact Analysis (TIA) Memo
- Attachment 11: Planning Commission Summary and Written Comments
- Attachment 12: Legal Description
- Attachment 13: Clerk Certification
- Attachment 14: Annexation Ordinance
- Attachment 15: Zoning Map Change Ordinance
- Attachment 16: Consistency Statement